

## Statement of Considerations

REQUEST BY DETROIT DIESEL CORPORATION, FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT INVENTIONS MADE IN THE COURSE OF OR UNDER DEPARTMENT OF ENERGY COOPERATIVE AGREEMENT NO. DE-FC05-00OR22805; DOE WAIVER DOCKET W(A)-01-012 [ORO-764]

Petitioner, Detroit Diesel Corporation, has made a timely request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Department of Energy (DOE) Cooperative Agreement No. DE-FC05-00OR22805. The scope of this work is to develop a commercially viable heavy-duty diesel technology package for truck applications targeted at achieving 50% thermal efficiency and meeting 2007 EPA mandated emissions. This work is sponsored by the Office of Transportation Technologies, Office of Heavy Vehicle Technologies.

The total dollar amount of the cooperative agreement is \$44M of which Petitioner intends to contribute 50% or \$22M. The period of performance is five years starting September 2000.

The Petitioner is a leading manufacturer of diesel engines for a variety of applications. To maintain its leadership position, it possesses technical competency in all areas of diesel engine research, design, manufacturing, and operation. In addition, Petitioner offers of a complete line of diesel engines for the on-highway truck; coach and bus; construction, mining and industrial; power generation, marine; and military markets. Petitioner produces and markets a broad range of new and remanufactured engine parts and components and has established a worldwide distribution and product support network. Thus, Petitioner's experience and expertise will contribute substantially to commercialization of the inventions made under the agreement.

Petitioner has a substantial financial investment directly related to the work to be performed under this agreement. Petitioner's internally funded research and development expenditures have historically been significant and have helped Petitioner maintain its position as the leader in heavy duty diesel engine technology. These expenditures are indicative of the substantial investment made in the development of Petitioner's personnel and facilities, which directly contribute to the success of the subject program. Furthermore, additional investment in facilities, software, and employee competency is anticipated during the period of performance of this program.

Petitioner has agreed to the standard DOE waiver terms and conditions, including march-in rights, background patent and data provisions, retention of by the government of a license, preference for U.S. industry and U.S. Competitiveness clauses.

Petitioner has agreed that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States, unless the Petitioner can show to the satisfaction of DOE that it is not commercially feasible to do so. In the event DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Petitioner has further agreed to make the above condition binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Should the Petitioner or other such entity receiving rights in any waived invention undergo a change in

ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE.

Granting of the waiver should have little effect on competition since there are several competing technology options being applied to improve engine thermal efficiency and to lower emissions.

Furthermore, grant of the requested waiver should serve as encouragement to other DOE contractors and subcontractors that significant cost sharing will be recognized as an acceptable consideration for granting greater rights in Subject Inventions.

In view of the substantial level of cost sharing by Petitioner and the objectives and considerations set forth in 10 CFR 784.4, all of which have been considered, it is recommended that the requested waiver for worldwide rights be granted.

  
Emily G. Schneider  
Assistant Chief Counsel for  
Intellectual Property

Date: 7/2/01

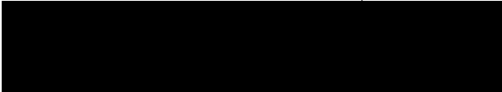
Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interests of the United States and the general public will best be served by a waiver of U.S. and foreign patent rights, and therefore, the waiver is granted. This waiver shall not apply to a modification or extension of the cost-shared agreement where, through such a modification or extension, the purpose, scope or cost of the cooperative agreement has been substantially altered.

CONCURRENCE:

  
Thomas J. Gross  
Deputy Assistant Secretary for  
Transportation Technologies

Date: 8/6/01

APPROVAL:

  
Paul A. Gottlieb  
Assistant General Counsel for  
Technology Transfer  
and Intellectual Property

Date: 8-8-01